

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



dHD1916  
A48

C3

1998 MAR 26 8:30 AM  
CIRCULATED  
USDA LIBRARY  
NAT'L AGRIC LIBR



# Europe Update

A G R I C U L T U R E      A N D      T R A D E      R E P O R T

United States Department of Agriculture    Economic Research Service    WRS-97-S3    June 1997  
1301 New York Avenue, NW • Washington, DC 20005-4788

## U.S. Farm Trade Balance with EU Hits 8-Year High, Bulk Commodity Sales Surge to CEE

Following a record 23-percent gain in 1995, U.S. agricultural exports to the European Union grew another 8 percent in 1996, to \$9.3 billion. The increase was led by continued growth in soybean exports, which benefited from high grain prices and an EU-wide ban on use of meat-and-bone meal. The 2-year gain of more than 30 percent parallels overall U.S. farm exports, which reached a record \$60.4 billion in 1996. The net balance of U.S.-EU agricultural trade reached its highest level in 8 years, despite record U.S. imports of EU farm goods. In 1996, U.S. exports to Central and Eastern Europe (CEE) totaled \$439 million, driven up nearly 50 percent from 1995 by a surge in bulk commodity sales. Although total U.S. exports of high-value products (HVPs) declined, certain HVP exports—such as variety meats, nuts, and vegetable preparations—continued to grow rapidly.

### U.S. Exports to EU Post Second Year of Growth

#### Overview

U.S. agricultural exports to the European Union experienced another year of strong growth in 1996, exceeding \$9 billion for the first time since the early 1980s. Following a record 23-percent gain in calendar year 1995, U.S. agricultural exports to the European Union grew another 8 percent last year, establishing a 13-year high. The increase was driven by strong demand for U.S. soybeans and a rapid growth in almond exports due to lower tariffs and a larger import quota. The 2-year gain of more than 30 percent reverses an earlier decline in export receipts during 1992-94. The surge in exports to the EU parallels overall U.S. farm exports, which totaled a record of \$60.4 billion in calendar year 1996.

The robust growth in U.S. exports launched the U.S. agricultural trade balance with the EU to an 8-year high. Net U.S. agricultural exports to the EU were \$2.8 billion in 1996, despite another year of increasing imports of EU farm products.

Although the European Union remains a key market for American farm goods, its relative importance has declined steadily over the last 15 years. From a peak of greater than 30 percent in 1982, the share of total U.S. agricultural exports going to the European Union has declined to just 15 percent, where it has held steady for the past 3 years. This relative decline is a reflection of the rapid growth of exports to other regions, particularly Canada, Mexico, and East Asia, and of stagnant exports to the EU. Nevertheless, Europe is still the leading export market for several major commodities. The EU accounts for nearly 75 percent of U.S. exports of corn byproducts, two-thirds of U.S. almond exports, roughly half of U.S. exports of dried fruit, wine, and tobacco, and roughly 35 percent of U.S. soybean exports.

#### 1996 Commodity Developments

##### Soybean Exports Remain Strong

The largest category of U.S. agricultural exports to the EU, in value terms, continues to be oilseeds and products, which account for \$3.1 billion or one-third of the total. Oilseed exports continue to outpace overall export growth, despite smaller shipments. Export sales increased 13 percent in value in 1996,

despite a sharp 8-percent decline in volume.

Soybeans remain the single largest U.S. commodity export to the EU, with a value of \$2.6 billion in 1996, just short of 30 percent of the total. In 1995, soybean exports increased 35 percent in both value and volume terms, due partly to the shortage of European corn following the Spanish drought. In 1996, higher prices yielded 19 percent larger receipts for roughly the same volume of soybeans.

Demand was largely unaffected by higher soybean prices because of reduced availability from South American suppliers, and the effects of the BSE (bovine spongiform encephalopathy, "mad cow" disease) crisis. EU efforts to combat BSE included a ban on using meat-and-bone meal as feed, which increased demand for soybeans as an alternative protein source. Sharp declines in beef consumption across Europe were balanced by increased demand for alternative meats. The biggest beneficiaries were pork and poultry, both of which are more feed-intensive than grass-fed cattle. Consequently, the shift in consumption preferences buoyed soybean demand.

While U.S. soybean exports held steady at their high 1995 levels, soymeal exports returned to their recent trend. In the early 1980s, almost 25 percent of U.S. oilseed exports (by volume) were in the form of processed oilcake and meal. By 1996, that ratio had fallen to less than 10 percent.

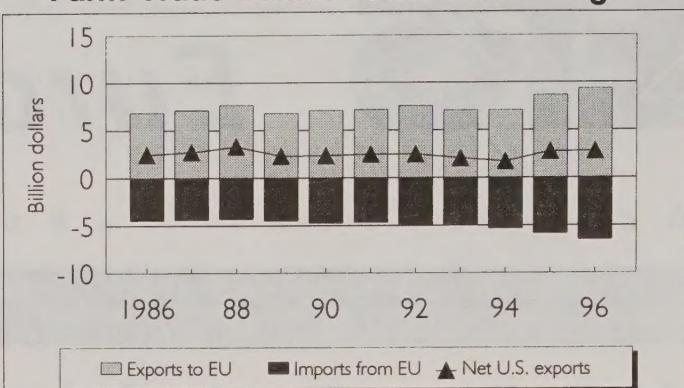
## Wine, Almonds Anchor Another Good Year for Horticultural Exports

U.S. horticultural products (a category comprising fruits, vegetables, nuts, and wine) continued impressive export growth in 1996. Exports to the EU increased 10 percent, posting their seventh successive increase. However, results in the horticultural sector were uneven in 1996, with strong growth in wine, almonds, fresh fruit, and fresh vegetables partly offset by declines in dried fruit, fruit juices, peanuts, frozen vegetables, and pulses. Wine and almonds were particularly strong performers, up 54 percent and 38 percent, respectively.

Wine exports to the EU have doubled over 2 years to a record \$144 million in 1996, mainly due to strong demand in northern Europe. Since 1989, U.S. wine exports have increased fivefold. While the U.K. continues to account for more than half of the EU total, exports to German, Dutch, and Irish markets have expanded even more rapidly than the EU average.

Several factors have helped spur this rapid growth.

## U.S.-EU Ag Trade Reaches Record Levels, Farm Trade Balance Hits 8-Year High



\*Data for all years include 15 current members of the European Union.  
Source: USDA, Foreign Agricultural Trade of the United States.

First, European consumers, particularly in countries without a long tradition of wine production and consumption, increasingly favor wines from beyond Europe (especially South Africa, Australia, Chile, and the United States). Also, market promotion programs have helped boost sales of U.S. wines, which have earned a reputation as a good value for the money and are beginning to expand into higher price categories. Much of the wine exported to the EU is marketed as a "house brand" by local supermarket chains. The scope for further export growth for this type of wine will depend on supplies available for export and increasing price competition from non-U.S. wines.

Nut exports to the EU surpassed \$900 million for the first time in 1996, and have nearly doubled the 1986-90 average. Exports of almonds, which comprise 70 percent of the total, have increased steadily over the past decade, posting a record \$671 million in 1996. Almonds are predominantly used as an input in confectionery products and snack foods, many of which are destined for re-export to third markets in Central and Eastern Europe and the Newly Independent States (NIS). The United States is far and away the EU's largest supplier of imported almonds, with 170,000 tons in 1996. The major market is Germany, followed by Spain, the Netherlands, and Britain.

U.S. almond exports benefited from improved access to the EU market, negotiated as part of the Uruguay Round, and lower EU production. The European Union reduced almond tariffs 50 percent, and opened a tariff rate quota for 45,000 tons. The ad valorem customs duty for shelled almonds is just 2 percent for imports within the EU-wide quota, and 6.8 percent for imports over the quota. U.S. exports have also benefited from the long-term decline of the Italian tree-nut industry, short crops in recent

years in Spain and Italy due to unfavorable weather conditions, and record high almond prices.

Exports of walnuts also have increased steadily, if less dramatically, in value terms. Despite no change in the volume of exports, export receipts for walnuts increased from \$90 million in 1994 to \$115 million in 1996, indicating that higher prices have not adversely affected demand. Pecans, pistachios, filberts, and other nuts have generally paralleled this upward trend, albeit in lesser magnitudes. In contrast, U.S. peanut exports hit a 16-year low in both value and volume due to a poor U.S. crop and competition from other nut varieties.

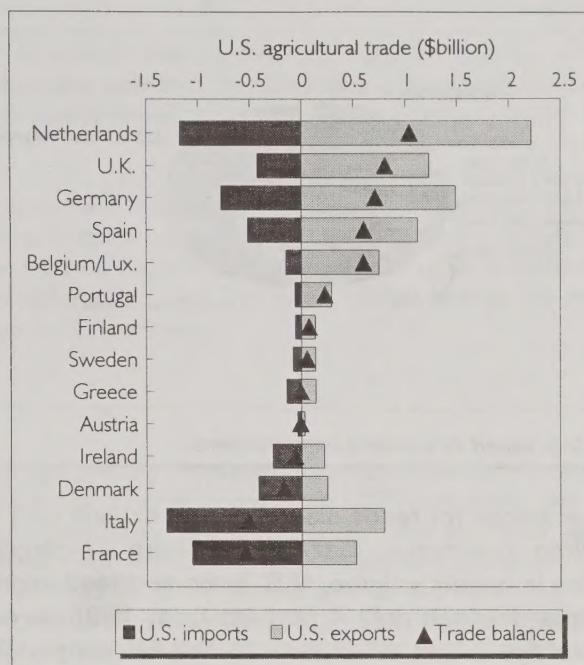
## Cattle Products Hurt by BSE; Records for Chicken, Eggs, Cheese

Despite the strong overall growth of U.S. exports to the EU, two categories—animal products and grains and feeds—suffered setbacks in 1996. The total value of animal product exports dropped 3.7 percent from their recent high in 1995. Exports in this category totaled \$713 million in 1996, led by hides and skins, fats, oils, and grease, and miscellaneous products.

The EU's BSE crisis disrupted European meat markets, including markets for non-meat animal products. The sector affected most strongly, in terms of U.S. exports, was fats, oils, and grease, which plummeted 35 percent due to the EU's ban on using meat-and-bone meal as a protein supplement in animal feed. Exports of fresh and frozen beef, already at low levels because of the EU's beef hormone ban, also dropped 26 percent. Meanwhile, horsemeat exports dropped to half their 1992 level, due to the EU's preferential access agreements with associated countries in Central and Eastern Europe.

Not all animal product exports declined in 1996, however. In fact, several smaller sectors posted records. The biggest gainer in absolute terms was hides and skins, which established an 8-year high of \$146 million. The surge was led by calf skins, which doubled their 1995 value to post record highs in both value and volume. Other growth sectors were poultry products (chiefly fresh and frozen chickens and eggs) and pork. Growth in pork and poultry exports is attributable to a shift in demand away from beef in the aftermath of the BSE scare. The U.S. continues to have some success with cheese exports to the EU, with a fivefold increase since 1993 to nearly \$4.7 million. In 1996, they consisted mostly of grated and powdered cheese, an intermediate prod-

## U.S.-EU Agricultural Trade, 1996 By Country



Source: USDA, *Foreign Agricultural Trade of the United States*.

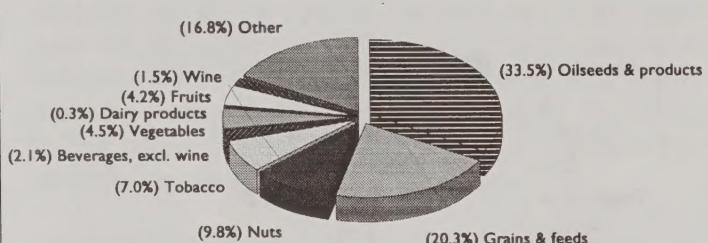
uct used in snack items and other final consumer goods.

The U.S. has not yet greatly benefited from improved access to the EU market for pizza cheese adopted as part of the Uruguay Round. The tariff rate quota increased from 961 tons in 1995/96 to 1,499 in 1996/97, and will rise to 5000 tons in 2000/0. The tariff applied within the quota is roughly 5 percent of the out-of-quota tariff. Most of the imports under the tariff rate quota in 1995/96 were not supplied by the U.S., and probably did not meet the precise description of pizza cheese. U.S. pizza cheese exports could rise significantly by the year 2000 if current efforts to improve the way EU customs services classify cheese products are successful.

## Higher Grain Prices Moderate Decline in Export Volume

After setting a 10-year record in export volume in 1995, U.S. grain and feed exports to the EU fell back to normal levels in 1996. Poor weather in southern Europe led to U.S. exports of over 14.3 million metric tons in 1995, mostly destined for Spain, where severe drought ruined domestic crop yields. Better weather and a recovery in domestic production limited U.S. export opportunities in 1996, as grain and feed exports fell back to 10.4 million tons.

## U.S. Agricultural Exports to EU, 1996 By Commodity



Note: U.S. export data include transshipments.

Higher prices for feeds also probably explain part of the drop in exports. Despite the sharp 27-percent decline in export volume, U.S. grain and feed export receipts declined only 4 percent from 1995 levels, as average prices of exports to the EU jumped 32 percent to \$182 per ton. A good example of this price effect is the case of the feed and fodder sector, which includes a key export, corn byproducts. Prices for U.S. feeds and fodders increased nearly 30 percent, and export volumes dropped to their lowest level since 1985 (6.9 million tons). The feed and fodder sector has historically comprised roughly two-thirds of total grain and feed exports to the EU, in both volume and value. Corn byproducts are second only to soybeans as the most important single export commodity.

### Outlook for U.S. Exports

Both market and policy developments influence U.S. agricultural exports to the EU. The disruption caused by the BSE crisis will continue to buoy EU consumer demand for pork and poultry, and result in greater use of feed grains and soybeans. A number of important EU policy developments will also affect U.S. exports. These include measures taken to deal with BSE, a recently negotiated veterinary agreement with the United States, and the continued implementation of Uruguay Round commitments.

### *Oilseeds, grains and feeds*

The BSE crisis is affecting feed markets in two major ways. First, it has encouraged increased consumption of pork and poultry. Because hogs and chickens are fed more intensively than cattle in the EU, greater production of pork and poultry would demand an increase in overall feed demand, despite reduced beef production. Second, meat-and-bone

meal has been banned as an ingredient in EU feeds, and feed compounders will have to find a substitute for this protein source.

An increase in pork production spurred by the BSE situation would lead to increased demand for soybeans and meals, important components in hog feed. However, the EU pork sector has been hit by a serious epidemic of swine fever this year, and large numbers of animals have had to be slaughtered. This development may prevent a further increase in U.S. soybean exports, at least in the near term. Furthermore, soybean meal prices are higher currently than a year earlier, and corn and barley prices lower, which would indicate that compounders will increase their use of grains at the expense of soy. By contrast, corn gluten feed prices are roughly the same as last year. Corn gluten feed could substitute for the recently banned meat-and-bone meal, allowing U.S. exports to increase.

After a considerable delay, the EU has opened a tariff rate quota for malting barley, designed as compensation for markets lost when Sweden, Finland, and Austria joined the EU. The quota is for 30,000 tons of malting barley, and the tariff that applies within the quota is 50 percent of the usual tariff rate. The EU has also adopted a Cumulative Recovery System (CRS) for brown rice. Under the CRS, exporters of husked rice to the EU will be compensated if they pay an import duty higher than that specified in the Uruguay Round Agreement. This could encourage more U.S. rice exports.

### *Meat and animal products*

The most significant development affecting U.S. animal product exports was the veterinary equivalency agreement reached between the United States and the EU on April 30, 1997 (see "Sanitary and Phytosanitary Measures and U.S.-EU Trade"). The agreement covers beef, pork, eggs, and dairy products. At this time, the two sides have been unable to resolve all outstanding issues with respect to poultry. As a result, U.S. poultry will have to overcome serious obstacles to gain access to the EU market. U.S. poultry meat exports constitute only a small part of total exports to the EU, but had been increasing steadily in the past 10 years.

Once the agreement is implemented in October, it will be a little easier for beef and pork plants to meet EU criteria. In the past, plants had to implement costly changes to adhere to EU requirements. For example, slaughter facilities will not be required to use cove molding between the wall and the floor. They can use an alternative method to ensure that

## **Sanitary and Phytosanitary Measures and U.S.-EU Trade**

*Agricultural trade is frequently affected by the differences among countries in the measures adopted to protect human, animal, and plant health. These sanitary and phytosanitary (SPS) measures are particularly sensitive, because they are ostensibly designed to protect the health or safety of domestic consumers or the domestic farm sector (livestock, fish, crops and other plants). In some instances, however, SPS measures can be used as a barrier to trade.*

*In the case of U.S. exports to the EU, it is primarily animal products that have been affected by SPS measures. Often these measures make exporting difficult by requiring exporters to meet EU standards in addition to U.S. standards. For example, beef and pork exports have been hampered by the EU Third Country Meat Directive that required U.S. slaughterhouses to adhere to very specific requirements. Other measures ban a product or production process that may be used in the United States, the most well-known case being the EU's ban on imports of meat from animals treated with hormones.*

### **SPS Measures in the WTO Framework**

*The negative effects of SPS measures on international trade formed a key part of the Uruguay Round negotiations. An Agreement on Sanitary and Phytosanitary Measures was adopted, that aims to reduce the trade distortions that SPS measures can cause by encouraging countries to base their SPS measures on existing international standards, and to recognize other countries' standards, as long as they achieve the same degree of protection. The SPS Agreement also imposes certain obligations in determining what measures to adopt to safeguard health. Under the Agreement, SPS measures must be applied only to the extent necessary to protect human, animal, or plant life, and be based on scientific principles and on an assessment of the risks posed to health. They may not discriminate unjustifiably between countries where the same conditions prevail, or be applied in a way that makes them a disguised barrier to trade.*

*Disputes between contracting parties regarding the requirements of the SPS Agreement are to be dealt with under the established WTO consultation and dispute settlement procedures. These procedures were strengthened as part of the Uruguay Round, in an effort to make the decisions of the dispute settlement panels more binding. For disputes involving scientific or technical issues, the panel ruling on the dispute should seek advice from experts, and may establish an advisory group of technical experts.*

### **Veterinary Equivalency and U.S. Exports**

*The U.S.-EU bilateral agreement on veterinary standards reached on April 30 was the outcome of some 3 years of negotiations between the United States and the EU. The negotiations examined both parties' inspection standards for the entire range of animal products and byproducts, including live animals, meat, poultry, and dairy and egg products. The talks aimed at developing mutual recognition of systems that provided an equivalent level of food safety protection. Essentially, each party would recognize that one country's measures, although different, achieve the same degree of protection.*

*Bilateral agreements on veterinary equivalency are an aim of the SPS Agreement, but in this case agreement was also necessitated by new harmonized EU standards that went into effect on April 1, 1997. Without an equivalency agreement, U.S. animal product exports would have been halted, at least until U.S. plants could demonstrate conformity with the new standards. The agreement will allow EU exports of meat, dairy products, and egg products to continue as before. The agreement will make it easier for U.S. firms to export beef and pork by lightening the burden of complying with EU standards. U.S. dairy and egg product exports will continue as before. However, U.S. poultry exports will see few benefits from the agreement as the two sides were unable to resolve all outstanding issues. Negotiations on poultry standards continue.*

### **The Hormone Ban**

*Since 1989, U.S. beef and variety meat exports to the EU have been significantly affected by the EU's ban on the use of hormones in beef production. U.S. sales of beef and veal and variety meats in 1996 were 70 percent below 1988 levels. The United States has always protested the ban, and is challenging it in the WTO, where a dispute settlement panel is now examining the issue. The United States claims the ban is a barrier to trade, as there is no indication that the hormones used as growth promotants in the United States and other countries pose risks to human health. From the U.S. standpoint, the EU ban therefore does not meet the requirement of the SPS Agreement that such measures must be based on scientific evidence.*

*This is the first dispute that has been brought since the adoption of the SPS Agreement, and the first to put together a panel of technical experts. Both parties have submitted their arguments to the panel, and the panel findings are expected in the near future. According to press reports, the panel has found that the hormone ban does in fact contravene WTO commitments. It is difficult to estimate how U.S. beef exports will be affected by a WTO finding against the EU. First, it is hard to predict how the EU would change its measure to comply with the SPS Agreement. Second, the EU beef market is considerably disrupted by the continuing BSE crisis, and demand for beef has contracted.*

sanitary conditions are maintained. Companies that are not now shipping to the EU may decide to enter the market now that compliance has been made less onerous.

U.S. pork exports, in particular, could benefit from the new conditions. As part of the Uruguay Round negotiations, the EU has opened tariff rate quotas for a number of pork products. The tariff that applies within these quotas is considerably lower than the protection offered under the EU's previous system. For example, the in-quota tariff for pork tenderloins is slightly more than 25 percent of the rate that applies outside the quota.

### Record Imports From European Union

U.S. imports of EU agricultural products reached a record high of \$6.5 billion in 1996, 10 percent above a year earlier. The rise marked the third straight increase and was 45 percent above the 1986-90 average. Since 1986-90, the fastest growing U.S. imports in percentage terms have been fresh and frozen fruits and vegetables, vegetable oils and waxes, sugar products, and pasta products. In 1996, the leading imports from the EU were wine, malt beverages, dairy products (especially cheese and casein), vegetable products, and vegetable oils and waxes.

In 1996, U.S. agricultural imports surpassed \$1 billion from three countries: Italy, the Netherlands, and France. Italy's exports to the United States surged ahead 23 percent, led by strong gains in wine and vegetable oils, which together comprise more than half of total U.S. imports from Italy. In the 1990s, Italy has been the fastest growing EU supplier of U.S. agricultural goods, with 1996 receipts more than doubling the 1986-1990 average. For the first time since 1992, Italy led all EU countries, with exports to the United States totaling \$1.31 billion.

The Netherlands, historically the largest EU source of agricultural exports, had a relatively lackluster performance in 1996. Exports to the United States increased only 5 percent, to \$1.18 billion. The leading Dutch export continues to be malt beverages, which account for 40 percent of the total, although this figure includes transshipments of German beers through Dutch ports. The Netherlands is also a major exporter of cut flowers, nursery stock, and other greenhouse items.

U.S. agricultural imports from France surpassed \$1 billion for the first time in 1996, growing at roughly the EU rate of just over 10 percent. Imports of French

wine totaled a record \$620 million, making up nearly 60 percent of the total. The other major export category was dairy products, where cheese and casein exports each totaled roughly \$63 million. Cheese was unchanged, while casein imports increased 37 percent. Casein is a milk or cheese protein used in the production of plastics, adhesives, paints, and foods. Total casein imports from the EU were a record \$266 million in 1996, with Ireland and France the leading suppliers.

Germany's exports to the United States increased 10 percent to \$775 million, with a more diverse mix of commodities than the three largest exporters. Key exports include malt beverages, fruit juices, processed grain products, and prepared vegetable products. Spain's exports of \$520 million are heavily concentrated in the horticultural sector, with vegetable products comprising 40 percent, wine roughly 16 percent, and fruit products another 12 percent. Calendar year 1996 was particularly good for exports of fruits and vegetable oils and waxes. United Kingdom exports to the United States have also doubled since 1986-90, with robust growth in exports of sugar products, malt beverages, and processed grain products.

### Authors:

**Timothy J. Smith and Mary Lisa Madell**

### Sources

Agra Europe. Various issues.

Foreign Agricultural Service. Attaché reports, various issues.

USDA, Foreign Agricultural Trade of the United States, 1997.

**For further information contact Mary Lisa Madell at (202) 219-0791 or Elizabeth Jones at (202) 219-0619.**

# **U.S. Exports to Central and Eastern Europe Continue Their Recovery, But Long-Term Prospects Are Mixed**

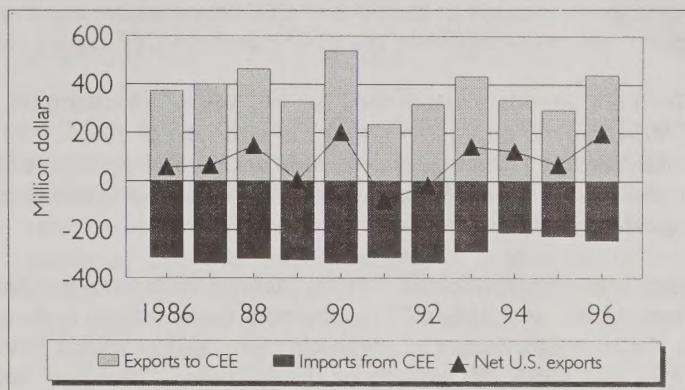
## **Overview**

Since 1989, U.S. agricultural exports to Central and Eastern Europe<sup>1</sup> have shifted from bulk feed grains and oilseeds toward high-value products (HVPs) such as poultry meat, variety meats, fruits and vegetables, nuts, and beverages. High-value products may be defined as consumer-ready and intermediate goods that have been processed or require special handling. This definition includes wheat flour and soybean meal, both of which undergo processing. While bulk commodities comprised nearly three-fourths of U.S. exports to the region in the late 1980s, HVP exports have exceeded bulk commodities on average since 1991. This trend has been shaped by changes in agricultural production and consumption in the CEE countries that resulted from their transformation to a market-oriented economy. While regional demand declined for corn and wheat (for animal feeding) and hides and skins (for the production of leather goods), it grew for HVPs such as poultry meat and consumer-ready processed products.

A number of adverse factors affects U.S. exports to the CEE region, including higher transport costs, the large size of U.S. bulk shipments, and restricted access of importers to foreign exchange. Higher transport costs and the inability of importers to handle large volumes put the U.S. at a disadvantage against European competitors, who can ship smaller volumes economically from a shorter distance. Lack of access to foreign exchange by CEE importers mainly continues to hinder U.S. exports to Albania, Bulgaria, Romania, and some of the former Yugoslav republics. In Bulgaria and Romania, the eligibility of certain commodities for GSM-102 export credit guarantees helps to overcome this problem.

The EU also benefits from trade preferences embodied in Association Agreements with CEEs. More recently, member states of the Central European Free Trade Agreement (CEFTA) moved to lower or eliminate barriers to their agricultural trade. U.S. and

## **U.S. Ag. Exports to CEE Generally Lower In Wake of Market Transition**



Source: USDA, *Foreign Agricultural Trade of the United States*.

western European companies have invested in the CEE food processing sector, especially in Poland, Hungary, and the Czech Republic. HVPs such as chocolate, beverages, and food preparations are now produced and marketed in the CEE region. The ongoing diversification and improvement of food processing will limit the growth of consumer-ready HVP exports to the region.

From the multilateral perspective, CEE countries have bound their tariff rates and agreed to limitations on export subsidies and internal support under the Uruguay Round Agreement on Agriculture. Both applied and bound tariffs on agricultural products are generally lower in the Czech and Slovak Republics. On the other hand, Romania, Hungary, and Poland managed to include high tariff bindings in their schedules. Whereas Poland's applied tariffs continue to fall well below their bound rates, since 1994 Romania and Hungary have raised their levels of protection on several products (Romania subsequently lowered some tariffs in May 1997).

Since 1994, most CEE economies have stabilized through sound monetary and fiscal policies, freer prices have helped bring supply and demand into line, and economic recovery has begun. In the past 2 years, the region has witnessed a turnaround in livestock numbers and the output of domestic industries, while consumer markets continue to diversify. As agricultural production and consumer incomes pick up, demand will recover for fertilizers and feeds, and perhaps eventually for hides, skins, and cotton. Meanwhile, rising incomes will keep HVP markets bullish in the region for the foreseeable future. Because EU countries—particularly Germany—dominate most consumer-ready processed food markets and are highly competitive, U.S. exporters need to be pro-active in identifying and filling new market niches as they arise.

<sup>1</sup> For the purposes of this article, Central and Eastern Europe refers to the Czech Republic, Hungary, Poland, Slovakia (the "Visegrad Four"), Albania, Bulgaria, Romania, and the former Yugoslav republics.

## EU-CEE Agricultural Trade

*Agricultural markets in the EU and CEE countries are becoming progressively integrated. Between 1994 and 1995, overall agricultural trade between the EU-12 and the CEE region increased 30 percent.*

*There are various explanations for this trend. Undoubtedly, the collapse of the Council on Mutual Economic Assistance (CMEA) played a role in shifting the direction of trade from East to West. The process of CEE-EU integration should be considered as a natural consequence of the re-integration of the transition economies with the rest of the world. However, in the case of intra-European trade, preferential treatment established by the Europe Agreements (EAs) has been an important factor.*

*Despite the general increase in agricultural trade between Eastern and Western Europe, the growth in trade flows has been asymmetric. In 1995, CEE registered a trade deficit vis-à-vis the EU of ECU 1.4 billion (\$1.6 billion). This was mainly due to the competitiveness of European high-value products (HVPs) and the diversification of consumer preferences. Between 1994 and 1995, EU exports of the following Combined Nomenclature aggregates—preparations of vegetables, fruit and nuts (20), and miscellaneous edible preparations (21)—increased 25 percent on average, accounting for 17 percent of total EU agricultural exports to CEE.*

*Another factor that helps explains the trade deficit is unfavorable exchange rates. In 1995, due to high rates of inflation and strong currency policies, most CEE currencies appreciated in real terms, leading to a deterioration in their terms of trade with EU countries.*

*In 1995, CEE agricultural exports to the EU totaled ECU 2.9 billion (\$3.3 billion), up 3 percent from the previous year. Opposite to the general trend, CEE exports of livestock and meats decreased 14 percent and 2 percent, respectively. This can be explained both in terms of the privatization process (closing down of cooperatives and state-owned farms) and equivalency problems. CEEs have to comply with sanitary and veterinary regulations in force in the EU, which continue to limit their exports of live animals and meat.*

*In 1995, CEE agricultural imports from the EU totaled ECU 4.3 billion (\$4.9 billion), up 10 percent from the previous year. Increases were mainly in exports to Romania (39 percent), the Czech Republic (24 percent) and Slovakia (39 percent). HVPs made up the largest share of EU exports to the CEE region, and the EU took advantage of trade expansion opportunities in sectors such as fresh vegetables (43 percent growth in 1995) and fruits (7 percent). In 1995, the Netherlands remained the main supplier of fresh vegetables at ECU 116 million, whereas the primary exporters of fruits were the Mediterranean countries (Italy, Spain, and Greece), accounting for 77 percent of the total.*

### U.S. Exports by Country

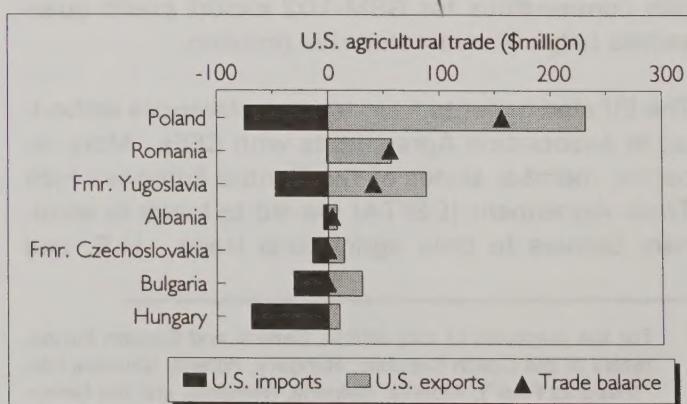
#### Poland Remains Fastest Growing CEE Market for U.S. Exports

The CEE region of 120 million inhabitants continues to import roughly 1 percent of total U.S. farm exports. This compares with an EU population of 374 million that imported 15.4 percent of total U.S. farm exports last year. In 1996, Polish imports of U.S. agricultural products nearly doubled to \$231.5 million, accounting for over 50 percent of the CEE total, and were dominated by unmilled wheat, chicken meat, and corn. USDA data indicate that in 1996, \$7.1 million of U.S. exports of wheat (33,000 tons) and corn (7,000 tons) were transshipped through Poland to other destinations. The former Yugoslav republics and Romania represented another 20 percent and 13 percent of the total, respectively, although they were mostly importers of intermediate products. The former Yugoslav republics mainly imported wheat and wheat flour (some of it food aid), soybeans and soymeal, and hides and skins,

while Romania imported soybeans, cotton, and hides and skins. Of the 1996 total, 34,000 tons of unmilled U.S. wheat (\$5.4 million) were transshipped through former Yugoslav republics to other destinations.

As in previous years, a smaller share of U.S. exports to the CEE region went to the smaller countries of Albania, Bulgaria, the Czech Republic, Hungary, and

#### U.S.-CEE Agricultural Trade, 1996 By Country



*Source: USDA, Foreign Agricultural Trade of the United States.*

Slovakia. This group can be further divided into the lower income countries of the Balkans (the former two), and the higher income countries of Central Europe (the latter three). As might be expected, the higher income countries imported a greater percentage of HVPs than did the lower income countries, given considerable differences in purchasing power. The most important U.S. exports to Hungary and former Czechoslovakia were nearly all HVPs. Last year, U.S. agricultural exports to Hungary were mostly in vegetable preparations, field and garden seeds, and bovine semen, while the list to the former Czechoslovakia was topped by almonds, bovine semen, and vegetable preparations. Meanwhile, more than half the 1996 U.S. export total to Bulgaria and Albania came from wheat alone. Traditionally, corn constitutes more than half of Bulgaria's agricultural imports from the United States.

## 1996 Commodity Developments

### U.S. Bulk Exports Rise

U.S. exports of bulk commodities—mainly wheat, corn, soybeans, and cotton—increased significantly to CEE in 1996; however, total U.S. bulk commodity exports to CEE remain more than 20 percent below those of the 1980s. U.S. bulk export volumes increased after CEE governments lowered tariffs in response to tight stocks. Export values rose further due to last year's high world market prices.

U.S. exports of grains and feeds rose strongly to \$195 million in 1996 as a result of high grain prices in Poland and insufficient stocks in Bulgaria, which led both countries to lower their grain import tariffs last year. Polish wheat prices drifted above U.S. gulf prices after March 1996, and bad planting conditions and severe winterkill led to disappointing winter wheat and rapeseed harvests. High domestic prices and insufficient projected stocks prompted Poland to suspend tariffs on grains, allowing increased imports of wheat from the EU, United States, and Brazil, and corn from the United States. In 1996, U.S. corn exports to CEE—mainly to Poland and Bulgaria—were more than double their 1995 level, and roughly 50 percent above the 1991-95 average.

Excessive exports of wheat from Bulgaria, caused by distortive government price controls, led to insufficient stocks and resulted in a rush to import wheat and corn during the second half of 1996. Finally, the end of sanctions in late 1995 against the rump Yugoslavia (Serbia and Montenegro) facilitated U.S. grain exports last year to that country.

Last year, U.S. cotton exports to CEE grew strongly to \$27.5 million. Since the 1980s, U.S. cotton exports have shifted from Yugoslavia and Poland towards Romania, which in 1996 imported more than three-quarters of the CEE total. The strength of U.S. cotton exports to Romania lies in a low duty of 3 percent, GSM-102 credit guarantees, and increased demand for Romanian textile exports. While their 1986-96 trend has been flat, U.S. cotton exports represent an increased share of total CEE cotton imports. The U.S. market share for cotton has grown since the transition as CEE textile industries diversified their supply away from Central Asia. However, declining textile output in the early 1990s meant lower total imports of cotton, and competition remains strong from Central Asia and other countries.

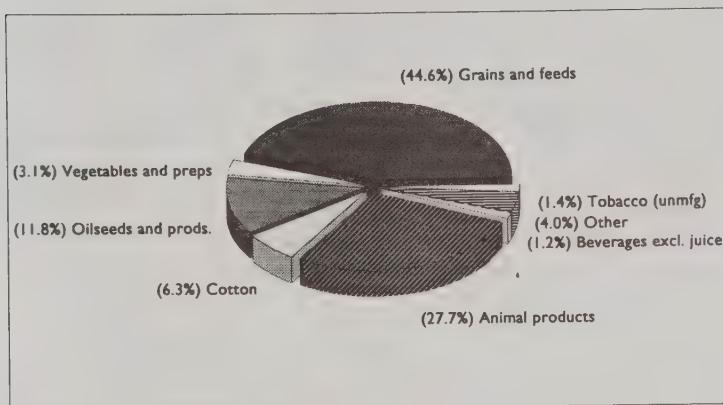
U.S. exports of oilseeds and products—mainly soybeans and soymeal—reached \$51.6 million in 1996, up 20 percent from 1995. Romania and the former Yugoslav republics continued to be the largest CEE purchasers of U.S. soybeans. However, exports remain less than half of the 1986-90 average, principally due to lower livestock numbers. The 1996 rise in U.S. soybean exports was the result of insufficient carryover stocks and recovering animal numbers in Romania, and the end of sanctions against Yugoslavia. In Romania, low carryover stocks were due to banking problems that allowed only partial utilization of GSM-102 credit guarantees during 1995. U.S. soybean exports continue to be seriously restricted to Poland, due to Poland's zero tolerance policy on common weed seeds.

### HVP Exports Down in 1996

U.S. HVP exports to the region declined to \$200 million from their 1994 peak of \$238 million, the result of lower exports of wheat flour, soybean meal, and vegetable oils. However, the decline in total HVP exports since 1994 is somewhat misleading and masks an underlying positive trend. If wheat flour and oilmeals are excluded, U.S. exports of HVPs actually increased in 1996 and were close to the all-time record set in 1994. Meanwhile, the drop in U.S. vegetable oil exports mostly reflected the decline of food aid to Albania in 1996 compared to 1994 and 1995. For most HVPs, the trend of export growth remains positive. Exports of variety meats, beef, beverages, dried fruits, nuts, and vegetable preparations continued to rise.

In 1996, the United States exported \$121.1 million of animal products to CEE. Although down from 1995, poultry meat remains the most important U.S. HVP export to the region. Last year's 4-percent drop in poultry receipts came from declines to Romania,

## U.S. Agricultural Exports to CEE, 1996 By Commodity



Note: U.S. export data include transshipments.

former Yugoslavia, and Bulgaria, which were largely offset by an increase of \$9.1 million in exports to Poland. The rise in Polish poultry meat imports came from domestic prices that significantly exceeded U.S. export prices throughout 1996. Romania raised its duty on poultry meat to 143 percent, resulting in a virtual halt to imports after July 1995. Bulgaria's hen numbers began a strong rebound in 1995, but in 1996 higher feed prices forced farmers to slaughter their flocks, resulting in higher domestic production and temporarily reduced poultry imports.

U.S. exports of hides and skins have begun to recover, although at lower levels than the 1980s. Exports reached \$19.3 million in 1996, down sharply from the late 1980s' average. Meanwhile, bovine semen exports grew another 28 percent last year to \$3.3 million. Since 1994, the former Czechoslovakia has become the largest CEE market for U.S. animal genetics, passing Hungary.

Although they remain small in value, U.S. exports of some HVPs have increased several fold since 1989. U.S. variety meat exports reached \$11.7 million last year compared to less than \$1 million on average in the late 1980s, making them one of the fastest expanding categories of U.S. HVP exports to the region. Poland is by far the largest destination, representing 83 percent of the 1996 total. U.S. exports of dried fruits, nuts, and vegetable preparations continue to grow to the higher-income CEEs, the most important destinations being Poland and former Czechoslovakia. Of U.S. exports of vegetables and vegetable preparations, the greatest market expansion is taking place in "other vegetables (preparations or preserved)," especially in packaged edible preparations, dried onions, and soups and broths. However, the EU continues to dominate this important expanding HVP market.

## Outlook for U.S. Exports

The long-term outlook for U.S. soybean exports to the region is mostly positive. As CEE livestock numbers increase, growing regional demand for protein-rich oilmeals and a shift towards compound feeding augur well for U.S. soybean exports, especially to Poland, Romania, and the former Yugoslav republics. However, producer profitability continues to be a problem as marketing margins—including processing, packaging, and distribution costs—remain high. For this reason, livestock producers continue to prefer cheaper, lower-quality domestic feeds such as rapemeal or sunflowermeal, or feed whatever is on hand. Over time, investment in processing and infrastructure should lower marketing margins. Furthermore, as personal incomes rise and retail markets expand in the richer CEE countries, higher-quality cuts of meat will be in demand, making soymeal feeding more profitable. However, long-term competition from South America will be a major factor in the U.S. share of growing CEE soy markets. Finally, ERS 1997 baseline projections<sup>2</sup> indicate that increasing productivity in the CEE region will lead to growing surpluses of wheat and corn, which could reduce U.S. exports of those commodities to CEE over the long run, and increase export competition for third-country markets.

U.S. exports of some HVPs to Central and Eastern Europe have made significant gains during this decade. However, whether this trend will continue depends on a number of factors: income growth, domestic HVP production levels (tied *inter alia* to foreign direct investment), the degree of import protection, and expanding trade preferences with the EU. Although U.S. poultry (the most important HVP export to the region) should remain price-competitive on CEE markets, prospects are mixed for future export expansion. On the positive side, CEE demand should continue to grow as consumer incomes rise. Meanwhile, a bilateral U.S.-Polish agreement continues to ensure market access for U.S. chicken meat at competitive tariffs. Furthermore, in May 1997, the new Romanian government reduced chicken meat tariffs to 60 percent.

On the other hand, poultry production has begun to recover in Hungary and is expected to increase significantly over the medium term. As Hungary develops exportable surpluses, it should be able to take advantage of preferential CEFTA tariffs, limiting U.S. exports to the CEE region. As a footnote, it should

<sup>2</sup> For a more detailed discussion of the ERS baseline projections to 2006 for CEE and the European Union, see *Europe Update WRS 97-S2*, April 1997.

be borne in mind that much of U.S. poultry meat exports to CEE is ultimately destined for countries farther east. Discrepancies between trade data from the U.S. Census Bureau and the Polish Ministry of Agriculture suggest that in 1996, more than 40 percent of U.S. poultry meat exports to Poland were in fact transshipped. If CIS countries lower their tariffs on poultry meat, more direct U.S. shipments to Russia, Ukraine, and Belarus are likely.

Other U.S. exports of HVPs remain relatively small but have risen quickly since 1989. Although it is difficult to map their future trend, the relative success or failure of U.S. exports of these products to the EU may provide a clue as to their long-term potential in CEE markets. Because inputs for confectionery products and snack foods such as marzipan and candy bars make up a large part of U.S. exports to the EU, there may be potential in the markets of Central and Eastern Europe, particularly in Poland, former Czechoslovakia, and Hungary. Already several times above their levels of the late 1980s, U.S. exports to CEEs of nuts and dried fruits should have excellent potential over the long term.

### Imports Recover From CEE Countries

In 1996, U.S. agricultural imports from CEE countries totaled \$241.8 million, the highest since 1993 but down significantly from the late 1980s' average of \$325 million. Before the transition, the CEE region primarily exported pork products, tobacco, apple juice, wine, and hops to the United States. In 1996, CEE exports to the U.S. have shifted towards non-animal products, particularly as CEE exports of pork products—especially from Poland and Hungary—plummeted as swine numbers fell. CEE swine exports to the United States declined from \$179 million on average in the late 1980s to only \$27.6 million last year. U.S. import shares have increased for fruit juices, feeds and fodders, tobacco, and beer. While non-animal product imports have increased since the late 1980s, at \$141.6 million they are down from their peak of \$226.9 million in 1992. The main factor has been fluctuations in U.S. filler tobacco imports from the region. For animal products, U.S. imports of CEE cheese, casein, and feathers and down have increased significantly.

Poland, Hungary, and the former Yugoslav republics continue to be the most important regional exporters to the United States, although imports as a whole from the former Yugoslav republics considerably decreased after war broke out and sanctions were imposed against Serbia and Montenegro in 1992. Although Poland's most valuable agricultural export

to the United States remains pork products, the range of Polish exports has increased to include cheese, casein (used in the manufacture of plastics, paints, glues, and edible preparations), and fruit juice. Over the past few years, Hungary's main export has been apple juice, which exceeded half of its total agricultural exports to the United States in 1996. This is followed by feathers and down and pork products. Since the war began, most of the decline in former Yugoslav republics' exports to the U.S. has come from decreased sales of pork products, filler tobacco, and wine. On the other hand, exports have increased for feeds and fodders as well as fruit juices.

Bulgaria's agricultural exports to the United States have actually increased relative to the late 1980s, but are primarily driven by sales of filler tobacco, which regularly accounts for two-thirds or more of the total. Other Bulgarian exports to the U.S. include cheese and wine. Former Czechoslovakia has also managed to increase the value of its exports to the United States since the late 1980s. While exports of hops have fallen from their peak in 1992, reflecting bad harvests and the financial difficulties of Czech hopgardeners, Czech brands of beer remain price-competitive and have found their niche in U.S. markets. Romania exported only \$1.2 million last year to the United States, down from \$11.3 million in the late 1980s due to a large drop in pork sales. Finally, Albania exported \$4.1 million to the United States in 1996, mainly non-competitive spices and filler tobacco, up from the \$3.7 million average between 1991 and 1995.

**Authors:** Todd Morath and Milena Messori

### Sources

- Eurostat. *External Trade of Countries of the European Union: 1988-95*.
- Polish Ministry of Agriculture, Institute of Agricultural and Food Economics (IERiGZ). *Poultry and Eggs: Situation and Outlook*, December 1996.
- U.S. Bureau of the Census. *U.S. Exports of Merchandise*. 1995-96.
- USDA, Economic Research Service. "Central and Eastern Europe: An Emerging Agricultural Exporter." *Europe Update WRS 97-S2*, April 1997.
- USDA, Economic Research Service. *Foreign Agricultural Trade of the United States* database.
- USDA, Foreign Agricultural Service. Various CEE country attaché reports.

For further information contact Todd Morath at (202) 219-0651.

Table I.1. U.S. agricultural exports to countries of the European Union, 1986-96

By commodity	Average 1986-90	Average 1991-95	1991	1992	1993	1994	1995	1996	% change 1996/95	Percent of 1996 total
	Million dollars									
<b>TOTAL</b>	7,088	7,487	7,141	7,525	7,068	7,054	8,646	9,319	7.8	100.0
<b>Animal products</b>	788	710	711	748	649	700	740	713	-3.7	7.7
Live animals	178	136	208	131	123	109	111	105	-4.9	1.1
Meat products	205	134	145	170	135	110	110	106	-3.8	1.1
Beef/veal	29	26	16	33	28	26	28	20	-26.0	0.2
Variety meats	77	18	8	19	15	25	21	23	7.9	0.2
Poultry products	37	70	56	75	66	81	70	85	21.7	0.9
Poultry meats	17	45	34	48	42	54	46	55	18.1	0.6
Eggs	6	14	12	16	15	16	13	21	60.8	0.2
Dairy products	18	29	24	38	29	27	27	28	5.3	0.3
Fats, oils, grease	61	112	54	121	110	128	147	94	-35.9	1.0
Hides and skins	171	91	85	80	68	108	117	146	25.4	1.6
Bull semen	22	26	22	21	28	29	28	26	-8.6	0.3
<b>Grains and feeds</b>	1,635	1,626	1,642	1,498	1,489	1,538	1,962	1,894	-3.5	20.3
Wheat, unmilled	123	87	71	68	84	69	141	154	9.3	1.7
Rice-paddy	107	107	105	94	102	137	98	139	42.7	1.5
Feed grains and products	335	313	343	211	194	255	564	389	-31.1	4.2
Corn	304	250	296	172	143	211	426	305	-28.3	3.3
Popcorn	12	26	20	26	32	30	21	24	13.6	0.3
Feeds and fodders	1,036	991	982	977	961	953	1,082	1,135	4.9	12.2
Corn by-products	708	689	710	722	689	648	677	690	1.9	7.4
<b>Horticultural products</b>	1,051	1,546	1,374	1,475	1,480	1,609	1,790	1,974	10.2	21.2
Fruits and preps.	301	376	398	395	353	353	383	391	2.2	4.2
Fresh fruit	134	153	171	173	139	137	145	158	8.9	1.7
Citrus	62	62	64	63	67	56	61	62	1.1	0.7
Noncitrus	72	91	107	110	73	81	84	96	14.6	1.0
Dried fruit	140	179	186	179	173	176	182	181	-0.9	1.9
Raisins	72	92	96	91	89	90	91	93	2.2	1.0
Canned fruit	10	16	15	17	14	13	20	20	0.5	0.2
Fruit juices	38	83	48	67	87	98	114	111	-2.8	1.2
Wine	27	70	54	68	70	66	94	144	53.8	1.5
Nuts and preps.	479	625	546	579	570	670	757	911	20.3	9.8
Almonds	288	398	352	330	366	457	487	671	37.9	7.2
Peanuts	96	95	73	114	91	80	116	68	-41.1	0.7
Vegetables and preps.	204	392	328	366	401	422	442	416	-6.0	4.5
Fresh vegetables	13	24	29	28	20	23	20	23	16.1	0.2
Canned vegetables	31	43	46	48	47	31	45	42	-7.0	0.5
Pulses	81	86	97	79	83	85	85	77	-9.6	0.8
<b>Oilseeds and products</b>	2,311	2,235	1,836	2,269	2,292	2,027	2,752	3,120	13.3	33.5
Oilcake and meal	343	199	131	230	265	147	222	176	-21.0	1.9
Soybean meal	313	74	15	94	130	43	89	89	-0.6	1.0
Oilseeds	1,891	1,930	1,592	1,904	1,953	1,786	2,417	2,799	15.8	30.0
Soybeans	1,798	1,784	1,465	1,782	1,831	1,633	2,207	2,625	18.9	28.2
Vegetable oils	77	106	113	135	74	94	113	145	28.2	1.6
<b>Other products</b>	1,304	1,370	1,578	1,535	1,158	1,180	1,401	1,618	15.5	17.4
Tobacco	574	594	661	724	496	500	590	654	10.8	7.0
Cotton	330	183	335	202	114	98	166	140	-15.4	1.5
Essential oils	59	90	87	79	85	96	104	155	48.1	1.7
Sugar and related products	34	34	32	37	37	30	34	55	59.3	0.6
Chocolate	2	9	1	2	9	13	21	26	22.4	0.3
Tea and mate	3	21	17	48	16	9	15	19	22.6	0.2
Nursery and greenhouse	38	60	65	63	73	52	49	69	40.0	0.7
Other beverages	8	33	21	28	26	36	56	88	55.3	0.9
Share of U.S. ag exports to world	20.7%	16.4%	18.1%	17.5%	16.5%	15.3%	15.3%	15.4%		
- Thousand tons -										
Poultry meats	18	41	33	43	37	52	38	40	3.5	
Hides and skins	9,300	5,286	5,658	5,115	4,671	5,439	5,545	7,067	27.4	
Wheat, unmilled	852	519	534	447	492	405	714	754	5.6	
Corn	2,974	2,239	2,755	1,574	1,402	1,848	3,615	1,820	-49.6	
Corn byproducts	5,341	5,813	5,555	5,623	5,838	5,724	6,326	5,037	-20.4	
Soybeans	8,075	7,831	6,594	8,224	7,853	7,055	9,431	9,375	-0.6	
Cotton and linters	231	119	199	139	86	76	96	79	-17.3	

Source: USDA/ERS. *Foreign Agricultural Trade of the United States*.

Table I.2. U.S. agricultural imports from countries of the European Union, 1986-96

By commodity	Average 1986-90	Average 1991-95	1991	1992	1993	1994	1995	1996	% change 1996/95	Percent of 1996 total
	Million dollars									
<b>TOTAL</b>	4,467	5,190	4,672	5,044	5,012	5,342	5,880	6,505	10.6	100.0
<b>Animal products</b>	1,141	1,063	1,031	1,046	1,021	1,100	1,116	1,258	12.7	19.3
Live animals	47	48	32	46	33	65	62	89	43.9	1.4
Meat products	394	292	363	248	294	312	243	233	-4.2	3.6
Pork	356	263	323	219	262	286	224	213	-4.7	3.3
Other meats	26	22	28	24	22	18	16	16	-0.9	0.2
Poultry products	27	20	18	23	18	19	21	22	0.7	0.3
Feathers and down	20	12	14	17	9	9	15	16	7.2	0.2
Dairy products	474	546	453	557	534	555	631	721	14.2	11.1
Cheese	268	324	291	303	324	339	361	407	12.8	6.3
Casein and mixtures	174	198	150	235	182	179	246	266	8.5	4.1
Hides and skins	93	39	38	38	38	45	34	47	37.4	0.7
<b>Grains and feeds</b>	274	451	383	387	425	535	522	530	1.5	8.2
Biscuits and wafers	132	168	151	158	161	179	193	197	2.0	3.0
Pasta and noodles	45	100	70	81	86	123	140	142	1.7	2.2
Feeds and fodders, excl. oilcake	33	56	50	52	51	63	64	69	6.8	1.1
Oats, unmilled	18	50	71	52	50	63	16	9	-45.4	0.1
<b>Horticultural products</b>	1,498	1,607	1,474	1,671	1,490	1,632	1,768	2,069	17.0	31.8
Fruits and preps.	82	87	91	98	71	81	93	112	20.9	1.7
Fresh or frozen	10	15	18	9	13	17	17	32	84.1	0.5
Prepared or preserved	72	72	73	90	58	64	75	80	6.5	1.2
Fruit juices	118	123	132	127	120	127	110	137	24.9	2.1
Wine	909	926	843	989	870	915	1,014	1,205	18.8	18.5
Nuts and preps.	18	16	29	16	11	13	12	13	9.2	0.2
Vegetables and preps.	371	455	381	442	416	496	540	602	11.6	9.3
Fresh or frozen	44	76	53	59	77	86	104	119	13.7	1.8
Prepared or preserved	327	379	328	382	339	410	435	484	11.1	7.4
<b>Oilseeds and products</b>	176	308	284	309	291	287	371	487	31.0	7.5
Olive oil	130	243	212	242	217	233	310	424	36.7	6.5
<b>Other products</b>	1,379	1,761	1,500	1,630	1,785	1,787	2,101	2,161	2.8	33.2
Tobacco	73	107	96	105	163	55	115	74	-35.8	1.1
Malt beverages	494	576	484	521	568	621	686	748	9.0	11.5
Sugar and related products	75	150	130	165	133	132	188	212	13.2	3.3
Coffee	116	118	82	84	93	138	192	169	-11.7	2.6
Cocoa	136	173	145	159	182	180	198	206	3.9	3.2
Nursery stock, bulbs, etc.	85	133	113	124	125	139	164	167	2.1	2.6
Other vegetable products	37	84	75	75	73	78	120	124	3.6	1.9
Essential oils	48	72	63	71	79	72	75	68	-9.8	1.0

Source: USDA/ERS. Foreign Agricultural Trade of the United States.

Table 2.1. U.S. agricultural exports to Central and Eastern Europe, 1986-96

By commodity	Average 1986-90	Average 1991-95	1991	1992	1993	1994	1995	1996	% change 1996/95	Percent of 1996 total
	--- Thousand dollars ---									
<b>TOTAL</b>	420,369	322,520	234,534	317,924	432,301	335,048	292,795	438,598	49.8	100.0
Animal products	72,589	106,649	39,094	135,686	113,573	134,503	110,389	121,095	9.7	27.6
Variety meats	957	4,548	1,595	4,038	3,401	5,889	7,816	11,749	50.3	2.7
Chicken meats	1,607	43,923	3,100	37,019	52,392	68,005	59,097	49,507	-16.2	11.3
Turkey meats	12	1,542	35	64	30	5,484	2,099	6,005	186.1	1.4
Dairy products 1/	7,612	34,152	18,531	75,217	41,806	28,073	7,136	13,873	94.4	3.2
Hides and skins	56,846	11,721	8,542	8,404	9,377	16,407	15,874	19,282	21.5	4.4
Bull semen	1,151	1,536	654	1,365	1,492	1,594	2,577	3,308	28.4	0.8
Grains and feeds	176,380	103,885	77,741	47,398	235,719	72,407	86,158	195,026	126.4	44.5
Wheat, unmilled	55,759	27,458	8,421	16,574	94,598	16,771	925	99,537	10663.5	22.7
Wheat flour	21	17,677	58	897	17,335	36,027	34,067	17,621	-48.3	4.0
Rice-paddy	1,797	11,975	6,613	17,242	12,741	6,513	16,767	4,530	-73.0	1.0
Feed grains and products	118,302	41,777	60,651	8,201	106,703	8,123	25,206	59,734	137.0	13.6
Corn	105,983	40,712	60,619	8,160	103,025	6,674	25,085	59,586	137.5	13.6
Other grain products	46	1,031	1,245	723	1,266	844	1,076	7,266	575.6	1.7
Feeds and fodders, excl. oilcake	418	2,128	369	651	879	1,998	6,741	4,553	-32.5	1.0
Other feeds and fodders	354	2,128	369	651	879	1,998	6,741	4,553	-32.5	1.0
Oilseed products	128,431	49,757	41,751	70,985	28,880	64,307	42,863	51,582	20.3	11.8
Soybean meal	32,243	9,926	0	16,196	9,117	13,250	11,068	5,103	-53.9	1.2
Soybeans	94,833	29,035	40,533	44,547	8,876	36,072	15,149	37,868	150.0	8.6
Vegetable oils	719	8,576	503	8,327	7,315	13,903	12,831	4,648	-63.8	1.1
Horticultural products	3,494	13,739	7,130	7,136	12,000	21,888	20,539	26,380	28.4	6.0
Vegetables and preps	2,301	9,890	4,703	4,802	9,869	19,417	10,658	13,360	25.4	3.0
Dried fruits	82	570	203	181	360	518	1,589	3,221	102.6	0.7
Nuts	624	1,418	354	824	580	794	4,540	7,751	70.7	1.8
Wine	203	631	742	677	606	556	571	904	58.4	0.2
Nursery products	127	35	15	3	65	34	59	168	183.0	0.0
Other products	39,475	48,430	68,819	56,425	42,119	41,942	32,846	44,498	35.5	10.1
Cotton	25,657	24,871	30,801	32,670	17,438	27,788	15,656	27,498	75.6	6.3
Tobacco (unmfg)	4,921	7,767	4,656	9,174	5,960	7,862	11,185	6,184	-44.7	1.4
Beverages excluding juice	300	2,640	2,452	3,616	3,032	1,707	2,394	5,325	122.4	1.2
Sugar and tropical products	872	2,426	1,375	5,305	2,597	1,624	1,229	2,430	97.7	0.6
Seeds	7,156	10,005	29,288	4,296	12,642	2,468	1,331	1,745	31.1	0.4
Bulk commodities	301,830	144,702	152,238	130,127	249,715	104,039	87,393	238,427	172.8	54.4
High-value products (HVPs)	118,539	177,818	82,296	187,797	182,587	231,009	205,402	200,170	-2.5	45.6
Share of U.S. ag exports to world	1.2%	0.7%	0.6%	0.7%	1.0%	0.7%	0.5%	0.7%		
	--- Thousand tons ---									
Variety meats	1.1	6.3	2.4	6.6	4.2	8.1	10.4	14.1	36.5	
Chicken meats	2.4	59.5	3.5	56.2	83.7	84.9	69.5	56.1	-19.2	
Hides and skins	3,008.2	3,062.7	2,489.7	1,339.7	3,394.7	4,361.1	3,728.1	2,911.1	-21.9	
Wheat, unmilled	638.2	216.5	65.5	135.7	770.4	106.1	5.0	472.5	9375.0	
Wheat flour	0.1	71.8	0.2	4.2	80.4	151.6	122.4	57.4	-53.1	
Rice-paddy	6.3	42.0	23.2	51.0	53.5	24.1	58.2	13.2	-77.3	
Corn	1,013.4	393.9	572.3	86.8	1,063.8	66.9	179.9	438.7	143.9	
Soybeans	427.2	128.7	181.9	201.0	35.0	167.5	58.0	134.1	131.2	
Cotton	13.8	15.6	17.0	21.9	13.6	17.7	7.9	14.3	81.6	
	--- Million dollars ---									
By country	Average 1986-90	Average 1991-95	1991	1992	1993	1994	1995	1996	% change 1996/95	Percent of 1996 total
	--- Million dollars ---									
Poland	83.9	111.1	39.3	106.7	196.5	95.6	117.5	231.5	97.0	52.8
Former Yugoslavia	113.2	66.1	43.2	54.3	52.1	107.3	73.6	88.0	19.6	20.1
Romania	120.0	81.4	74.1	94.8	102.1	85.0	51.1	57.0	11.4	13.0
Bulgaria	66.4	16.4	34.7	5.6	26.2	5.5	9.9	30.2	206.1	6.9
Former Czechoslovakia	18.4	18.5	20.7	19.6	15.9	16.4	20.2	14.2	-29.6	3.2
Hungary	18.2	12.2	13.5	11.7	10.6	11.4	13.8	9.8	-28.9	2.2
Albania	0.2	16.7	9.1	25.2	28.8	13.8	6.6	7.9	18.8	1.8

Source: USDA/ERS. *Foreign Agricultural Trade of the United States*.

1/ Mostly U.S. government or miscellaneous private donations.

Table 2.2. U.S. agricultural imports from Central and Eastern Europe, 1986-96

By commodity	Average 1986-90	Average 1991-95	1991	1992	1993	1994	1995	1996	% change 1996/95	Percent of 1996 total
	Thousand dollars									
<b>TOTAL</b>	325,317	274,574	312,752	334,368	289,227	211,113	225,410	241,820	7.3	100.0
<b>Animals and products</b>	208,261	100,627	132,372	93,942	98,318	87,699	90,806	83,945	-7.6	34.7
Beef and veal -- prep/pres	792	1,597	1,038	562	328	3,622	2,436	2,049	-15.9	0.8
Pork -- prep/pres	179,051	51,698	89,876	50,376	52,864	34,265	31,111	27,558	-11.4	11.4
Other meat products	2,743	2,333	4,981	2,951	2,425	698	609	579	-4.9	0.2
Feathers and down	2,813	3,967	4,345	3,541	2,991	4,458	4,499	10,747	138.9	4.4
Dairy products	20,666	39,029	30,976	33,886	35,348	43,583	51,350	41,301	-19.6	17.1
Cheese	9,393	22,674	15,199	16,550	20,286	28,884	32,453	20,800	-35.9	8.6
Casein	11,108	15,085	15,724	15,809	13,933	12,852	17,106	16,815	-1.7	7.0
<b>Grains and feeds</b>	4,322	14,688	10,546	16,341	13,641	16,220	16,694	15,298	-8.4	6.3
Oats, unmilled	691	1,782	2,320	4,128	2,461	0	1	0	-100.0	0.0
Biscuits and wafers	1,042	2,251	1,821	1,982	1,979	2,680	2,793	3,395	21.5	1.4
Other grains and preparations	619	1,893	437	2,274	1,958	3,045	1,750	1,509	-13.7	0.6
Feeds and fodders, ex oilcake	1,714	8,471	5,806	7,058	7,094	10,407	11,991	9,814	-18.2	4.1
<b>Fruits (excluding juice)</b>	8,754	7,458	11,274	8,698	7,896	5,291	4,129	6,067	46.9	2.5
Fruits, fresh/frozen	4,455	2,409	5,381	2,771	1,791	1,230	874	3,849	340.7	1.6
Fruits, prep/pres	4,299	5,048	5,893	5,926	6,105	4,061	3,256	2,218	-31.9	0.9
<b>Fruit juices</b>	19,111	32,461	42,360	23,570	26,766	36,316	33,295	50,776	52.5	21.0
Apple juice	18,098	25,495	41,261	21,362	15,509	26,745	22,595	39,105	73.1	16.2
<b>Tobacco (unmfg)</b>	40,761	66,014	60,203	133,074	90,802	13,756	32,238	38,446	19.3	15.9
<b>Vegetables</b>	15,854	16,497	16,797	20,146	14,472	15,544	15,528	9,733	-37.3	4.0
Hops	7,635	8,973	7,884	13,439	8,105	8,170	7,269	2,020	-72.2	0.8
Cucumbers -- prep/pres	481	1,074	942	1,131	910	1,193	1,195	1,288	7.8	0.5
Other vegetables -- prep/pres	3,440	2,365	1,553	1,642	2,051	3,116	3,464	3,006	-13.2	1.2
Soups and sauces	322	966	771	847	816	1,105	1,291	1,942	50.4	0.8
<b>Beverages (excluding fruit juice)</b>	9,596	12,469	11,878	11,507	13,338	12,287	13,335	14,501	8.7	6.0
Wine	8,000	7,962	8,889	9,168	8,097	6,861	6,798	8,152	19.9	3.4
Malt beverages	1,508	4,223	2,829	2,052	5,021	5,007	6,207	6,055	-2.4	2.5
<b>Sugar and related products</b>	3,820	8,614	14,538	11,688	7,024	7,130	2,692	4,634	72.1	1.9
Molasses	850	6,139	10,100	9,441	4,940	5,367	849	2,674	214.9	1.1
Confectionery products	2,104	2,017	3,370	2,048	1,677	1,433	1,559	1,324	-15.1	0.5
<b>Oilseeds and products</b>	2,388	431	54	5	219	920	956	665	-30.5	0.3
<b>Other products</b>	3,000	2,480	879	1,868	4,045	4,416	1,190	1,449	21.7	0.6
Noncompetitive imports	9,451	12,833	11,853	13,531	12,708	11,536	14,537	16,270	11.9	6.7
By country	Average 1986-90	Average 1991-95	1991	1992	1993	1994	1995	1996	% change 1996/95	Percent of 1996 total
	Million dollars									
Poland	134.8	75.3	75.8	77.0	75.1	76.3	72.4	75.0	3.5	31.0
Hungary	71.0	67.9	99.4	65.1	59.2	59.8	56.0	69.1	23.5	28.6
Former Yugoslavia	71.9	65.5	91.6	99.7	58.7	37.0	40.2	47.4	17.7	19.6
Bulgaria	23.1	39.8	24.3	67.4	67.2	11.2	29.1	30.9	6.2	12.8
Former Czechoslovakia	10.9	19.8	16.7	20.0	19.9	20.3	22.3	14.2	-36.5	5.9
Romania	11.3	2.5	1.8	2.2	3.8	3.5	1.3	1.2	-7.2	0.5
Albania	2.2	3.7	3.1	3.0	5.2	3.0	4.1	4.1	-0.5	1.7

Source: USDA/ERS. Foreign Agricultural Trade of the United States.

**United States  
Department of Agriculture  
1301 New York Avenue, N.W.  
Washington, D.C. 20005-4788**

**OFFICIAL BUSINESS**  
Penalty for Private Use, \$300

**FIRST CLASS  
POSTAGE & FEES PAID  
USDA  
PERMIT NO. G-145**

**Moving?** To change your address, send this sheet with label intact, showing new address to ERS Customer Service, Rm. 110, 1301 New York Avenue, N.W., Washington, D.C. 20005-4788.

The United States Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, sex, religion, age, disability, political beliefs and marital or familial status. (Not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint, write the Secretary of Agriculture, U.S. Department of Agriculture, Washington, D.C., 20250, or call 1-800-245-6340 (voice) or (202) 720-1127 (TDD). USDA is an equal opportunity employer.